



# GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service  
United States Department of Agriculture



SEPTEMBER 28, 1999

**No Easy Alternative For Harbor Maintenance Tax.** It appears that there will be no resolution this year in terms of who should assume the cost of dredging at U.S. ports, according to Representative Bud Shuster (R-PA), chairman of the House Transportation Committee. The Harbor Maintenance Tax was implemented in 1986, changing a system that, for nearly 200 years, used general revenues to fund dredging projects. Shortly thereafter, the Bush Administration and Congress decided that to triple the tax would allow a full recovery of maintenance dredging costs, instead of the 40-percent recovery permitted under the original formula. This was maintained until 1998, when the Supreme Court decided that the tax was unconstitutional for exports. The Clinton Administration currently maintains its position that user fees would be the best alternative to replace the tax. However, ports, carriers, shipper groups, and maritime labor firmly believe that funding should come from the General Treasury. Members of Congress appear split on the issue. Representative Robert Borski (D-PA) and Representative James Oberstar (D-MN), senior Democrat on the House Transportation Committee, are opposed to a user tax, instead proposing the so-called Borski bill, using funding entirely from the General Treasury. Rep. Shuster, however, views this as extremely unlikely, asserting his belief that "some type of dedicated user fee is the best method of assuring a continued source of financing for harbor maintenance." Rep. Oberstar, on the other hand, has stated that everyone in the U.S. benefits from a low-cost, competitive port system, and the administration's proposed tax will hurt exports. J. Ron Brinson, president and chief executive for the Port of New Orleans, also questioned the possible effects on the U.S. grain trade if bulk ships were assessed a user fee based on capacity demand. Grain trade margins are generally pennies per bushel, according to Brinson. On the other hand, he adds, a fee based on "value of service" could mean an unequitable sharing of dredging costs by general cargoes, since these shipments and liner service operations tend to have lower channel capacity requirements. Meanwhile, custom duties, paid by importers, remain in place. These duties have also, in the past, come under fire as an unfair trade practice, and the European Union has threatened to present this case to the World Trade Organization. (*Journal of Commerce* 9/27, 9/28)


**Congress Passes Bill To Crack Down On Trade Controls.** The U.S. Senate Banking Committee approved a bill (20-0) that will allow U.S.-based corporations the freedom to export "low risk" products without a license to most countries. The result of passing the legislation will be the improvement of national security while promoting free trade, claims Phil Gramm (R-TX), chairman of the Senate Banking Committee. The measure will aid U.S. companies through its lifting of most export controls on products that are accessible in the U.S. and markets abroad. In addition, the legislation contains provisions that will make the issuance of trade controls harder for the President and Congress to execute and exempts food, medicine, and medical supplies from future sanctions. The bill will not have an effect on Cuba, other suspect terrorist countries, or those declared as a military threat to the U.S. In reference to the relations between Congress and the President concerning the specifics of the bill, the secretary of export administration, Roger Majak, stated that there has been "significant progress." (*Reuters* 9/23)

**Duluth-Superior Port Reports Traffic Increase.** A recent report by the Port of Duluth-Superior indicates a 4-percent increase in waterborne commerce compared to last year's total, as well as for the 5-year average (approximately 21.5 tons in both cases). Officials for the Duluth Seaway Port Authority reported that August grain shipments outpaced those during the same period last year by 37 percent, with year-to-date tonnage figures reaching 22.3 million metric tons. Port Director, Davis Helberg, was particularly encouraged by the arrival of a new bulk carrier, the first of five new Polish ships built specifically for Great Lakes-St. Lawrence Seaway trade. Of the three commodities (iron ore, coal, and grain) which comprised 92 percent of the total commerce, grain shipments accounted for 2.1 million of the total year-to-date figure. (*Duluth Seaway Port Authority* 9/14)

**Ocean Container Freight Rates For Soybean and Animal Feed.** USDA's Shipper and Exporter Assistance Program has begun tracking international freight rates in the weekly *Ocean Freight Rate Bulletin* for containerized animal feed exports to various markets around the world, including Asia and Europe, as well as container freight rates for soybeans to Japan. The *Ocean Freight Rate Bulletin* is a monthly publication which provides a side-by-side comparison of the rates and services provided for each of the commodities exported the previous month. The *Ocean Freight Rates Bulletin* is available on the Internet at: [www.ams.usda.gov/tmd/ocean](http://www.ams.usda.gov/tmd/ocean). To be included on the mailing list, please contact Heidi Reichert at (202) 690-2325 or Ron Hagen at (202) 690-1320; or fax Heidi or Ron at 202 690-1498.

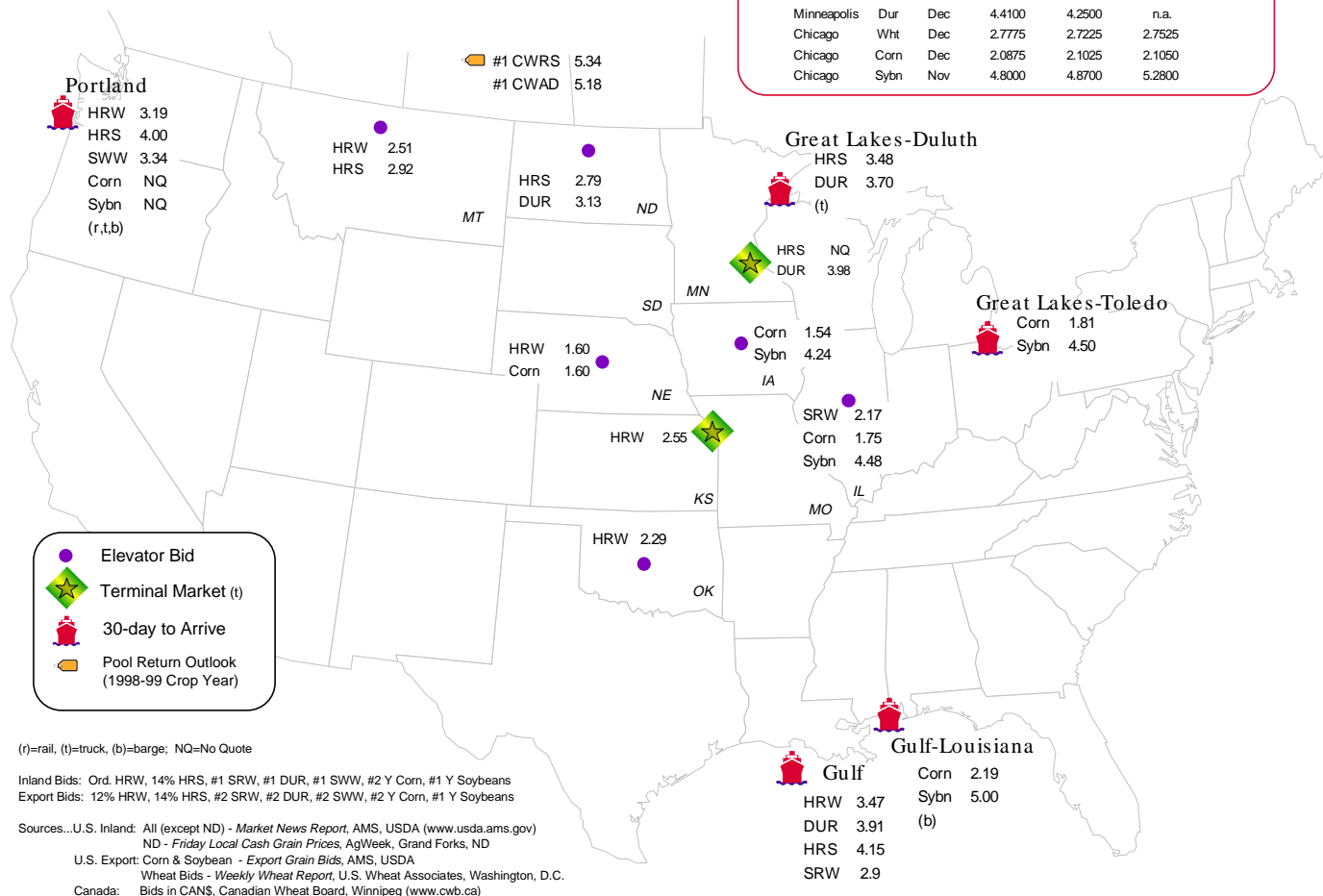
Report is prepared by Karl Hacker and Chambre' Malone, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Report design by Kimberly Vachal, Upper Great Plains Transportation Institute, North Dakota State University. You can retrieve this document from our Automatic Fax System by using the handset on your fax machine and dialing (202) 690-1707. This report can be found on the Internet at [www.ams.usda.gov/tmd/grain.htm](http://www.ams.usda.gov/tmd/grain.htm). E-mail comments to [GTR@usda.gov](mailto:GTR@usda.gov).

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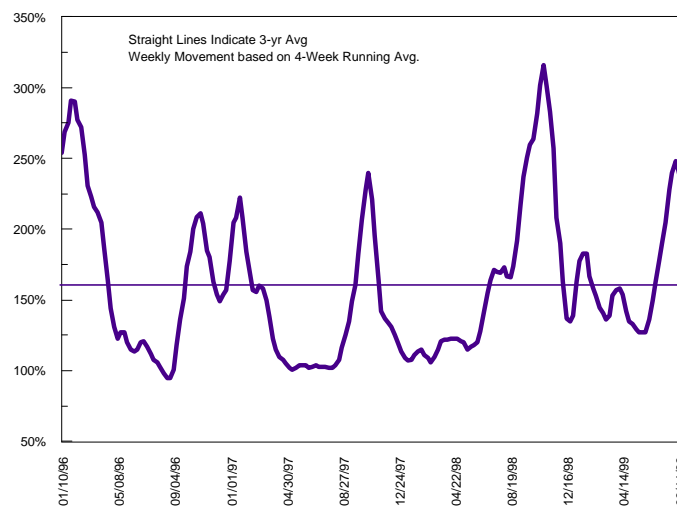


## Futures:

			09/27/99	Week Ago 09/20/99	Year Ago 09/25/98
Kansas City	Wht	Dec	2.9850	2.9450	3.0900
Minneapolis	Wht	Dec	3.3750	3.3100	3.4875
Minneapolis	Dur	Dec	4.4100	4.2500	n.a.
Chicago	Wht	Dec	2.7775	2.7225	2.7525
Chicago	Corn	Dec	2.0875	2.1025	2.1050
Chicago	Sybn	Nov	4.8000	4.8700	5.2800



## Index - Percent of Tariff Rate



The graph displays the average price per car for three different trading strategies over a 30-month period. The Y-axis represents the average price in dollars per car, ranging from (\$100) to \$300. The X-axis shows the delivery month and year from September 1997 to March 2000. A horizontal line at \$0 indicates the Tariff Rate. The BNSF-SWAP strategy (black line with squares) shows the lowest prices, often dipping below the tariff rate. The CP-GEEP strategy (red line with diamonds) shows intermediate prices. The UP-POOL strategy (purple line with circles) consistently shows the highest prices, with peaks around \$230 in late 1997, \$190 in late 1998, and \$110 in late 1999.

Delivery Month-Year	BNSF-SWAP (\$/Car)	CP-GEEP (\$/Car)	UP-POOL (\$/Car)
Sep-97	80	110	100
Oct-97	170	180	200
Nov-97	180	150	230
Dec-97	130	100	220
Jan-98	70	40	140
Feb-98	-10	-20	70
Mar-98	-90	-60	10
Apr-98	-120	-80	-20
May-98	-140	-100	-30
Jun-98	-90	-50	0
Jul-98	-30	10	50
Aug-98	60	60	110
Sep-98	120	110	160
Oct-98	170	160	190
Nov-98	110	110	140
Dec-98	40	40	60
Jan-99	-10	10	20
Feb-99	-30	0	10
Mar-99	-40	-10	0
Apr-99	-45	-10	-10
May-99	-45	-10	-10
Jun-99	-20	10	10
Jul-99	-10	20	30
Aug-99	20	40	60
Sep-99	60	70	100
Oct-99	80	80	110
Nov-99	40	40	70
Dec-99	10	10	30
Jan-00	0	0	10
Feb-00	-10	-10	0
Mar-00	-10	-10	0

<b>Rail Car 'Auction' Offerings</b>				
Delivery for:	Oct-99		Dec-99	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
<b>BNSF-COT</b>	12,175	100%	12,175	41%
<b>UP-GCAS</b>	5,400	82%	5,400	24%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

**Secondary Rail Car Market**

Average Premium/Discount to Tariff, \$/Car - Last Week

	<b>Delivery Period</b>			
	Oct-99	Nov-99	Dec-99	Jan-00
BNSF-GF	\$18	\$(18)	\$(12)	\$(16)
CP-GEEP	\$15	\$0	\$0	\$0
UP-Pool	\$74	\$(9)	\$(12)	\$(9)

Source: T&amp;M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only &amp; are NOT guaranteed prices, missing value=No Bid Quoted

**Railroad Car 'Auction' Results**

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Oct-99	Nov-99	Dec-99
COT/N. Grain	sold out	no bid	no bid
COT/S. Grain	sold out	no bid	no bid
GCAS/Region 2	\$77	\$1	no bid
GCAS/Region 4	\$77	no bid	no bid

Source: T&M/AMS/USDA. Data from [www.bnsf.com](http://www.bnsf.com), [www.uprr.com](http://www.uprr.com), (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values**

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
9/24/99	Twin Cities	nwk	280
	Lower Ohio River	twk	265
	Mid Miss	nwk	270*
	Illinois River	on stat	260
	Davenport	on stat	265
	Cincinnati	twk	260
	Ohio River	nwk	260**
	St. Louis	nwk	235**

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

twk=this week

nwk=next week

(\*) percentages shown for bid rates only

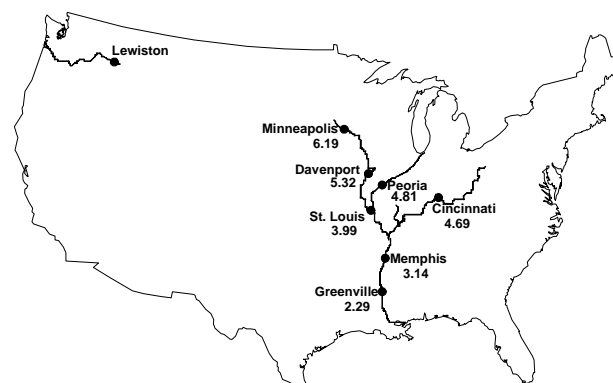
(\*\*) percentages shown for offer rates only, no bid rates available

on station=boat located at a point on the river (immed. available)

**Southbound Barge Freight Spot Rates**

	9/22/99	9/15/99	Oct. '99	Nov. '99
Twin Cities	273	256	287	nq
Mid-Mississippi	274	251	281	nq
Illinois River	271	239	275	165
St. Louis	240	218	255	127
Lower Ohio	263	241	271	139
Cairo-Memphis	231	210	248	125

Source: Transportation &amp; Marketing /AMS/USDA

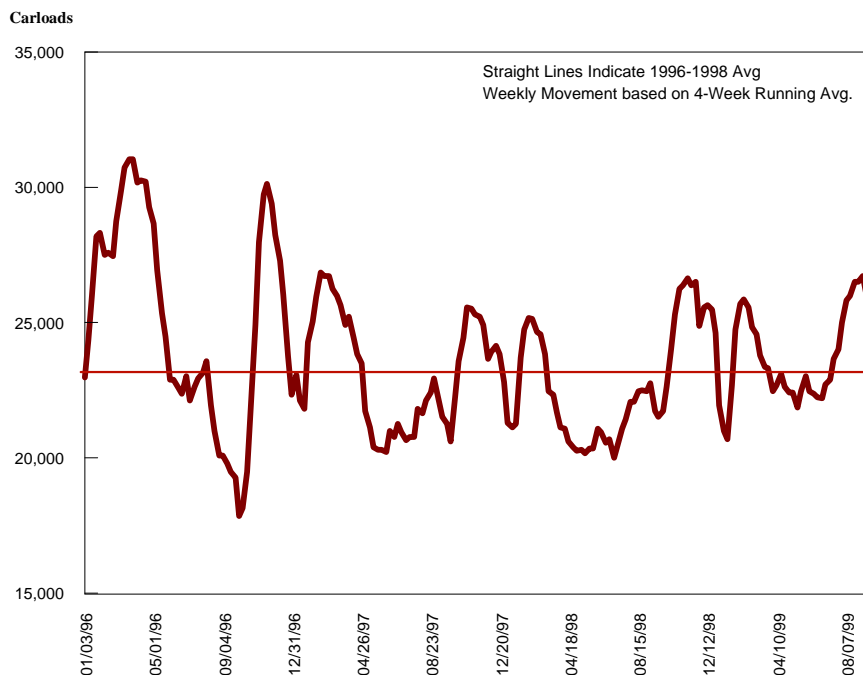
**Barge Benchmark Tariff Rates  
Est. 1976 - 'Tariff No. 7'**

## Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
9/4/99	26,815
9/11/99	24,109
9/18/99	27,276
Year to Date - 1999	891,639
Year to Date - 1998**	812,687
Total 1998**	1,183,860
Total 1997*	1,199,995
Source: Association of American Railroads	

\*\*1998 - 52 weeks

\* 1997 - 53 weeks



## Class I Rail Carrier Grain Car Bulletin

Carloads

		<u>East</u>				<u>West</u>		<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
09/18/99	0	1,924	1,925	2,714	10,731	519	9,463	1,806	3,544
This Week Last Year	506	2,258	989	2,745	8,311	755	6,138	2,216	4,348
1999 YTD	15,522	88,730	61,811	96,372	320,210	24,988	284,006	80,030	142,272
1998 YTD*	25,802	83,728	54,945	90,580	297,324	23,854	236,454	82,359	151,557
1997 Total**	29,834	118,581	80,255	124,834	428,243	34,690	378,888	171,428	272,156
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387

Source: Association of American Railroads

\*\*1998 - 52 weeks

\* 1997 - 53 weeks

## Tariff Rail Rates for Unit Train Shipments

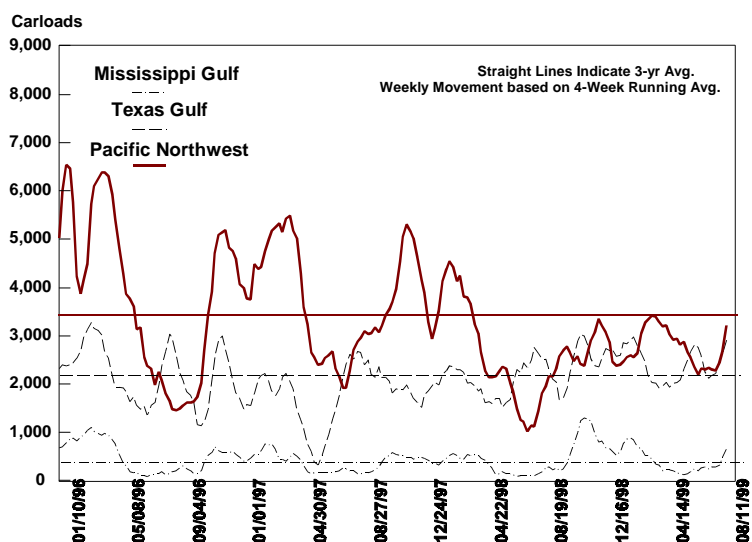
September 1999

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
09/01/99	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,150	\$23.70	\$0.65
09/01/99	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,442	\$48.96	\$1.33
09/01/99	46540	Wheat	Kansas City, MO	Houston, TX	\$1,850	\$20.39	\$0.56
09/01/99	43586	Wheat	Kansas City, MO	Portland, OR	\$4,604	\$50.75	\$1.38
09/01/99	43581	Wheat	Omaha, NE	Portland, OR	\$4,205	\$46.35	\$1.26
09/01/99	31040	Corn	Minneapolis, MN	Portland, OR	\$2,951	\$32.53	\$0.83
09/01/99	31035	Corn	Kansas City, MO	Portland, OR	\$3,100	\$34.17	\$0.87
09/01/99	31040	Corn	Omaha, NE	Portland, OR	\$2,526	\$27.84	\$0.71
09/01/99	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,280	\$36.16	\$0.98
09/01/99	61180	Soybean	Omaha, NE	Portland, OR	\$2,980	\$32.85	\$0.89
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat &amp; Soybeans 60 lbs/bu

<b>Rail Deliveries to Port</b>				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
08/11/99	855	2,674	2,940	129
08/18/99	925	3,693	4,512	187
08/25/99	951	4,044	4,418	440
09/01/99	586	3,351	3,281*	438
09/08/99	448	3,602	3,846*	274
09/15/99	1,004	2,892	4,142	674
YTD 1999	17,054	95,018	107,900	10,322
YTD 1998	11,233	76,856	96,744	6,766
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147
Source: Transportation & Marketing/AMS/USDA				

**Rail Deliveries to Port**

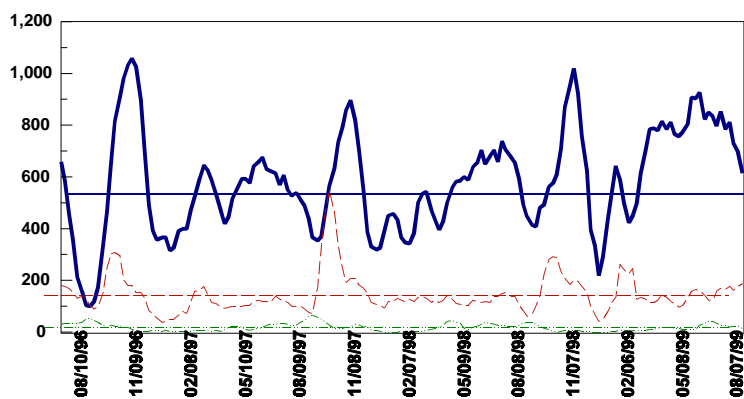
Note: \*Corrected data.

**Barge Movements - Locks 27**

1,000 Tons

Straight Lines Indicate 3-yr Avg  
Weekly Movement based on 4-Week Running Avg.

**Corn**  
**Wheat**  
**Soybeans**

**Barge Grain Movements**

for week ending 9/18/99

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	204	3	80	287
Winfield, MO (L25)	319	2	140	460
Alton, IL (L26)	481	3	162	650
Granite City, IL (L27)	483	8	162	658
Illinois River (L8)	145	2	28	178
Ohio (L52)	16	6	18	85
Arkansas (L1)	0	21	11	33
1999 YTD	26,578	2,227	5,747	36,600
1998 YTD	20,522	1,952	5,270	29,832
Total 1998	31,226	2,420	8,866	45,625
Total 1997	29,685	2,689	9,584	45,315

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.  
Source: U.S. Army Corp of Engineers

**U.S. Export Balances\*** (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
09/16/99	1,254	725	762	642	229	3,612	8,558	4,329	16,499
This Week Year Ago	1,681	405	1,142	1,394	270	4,892	7,835	6,279	19,006
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	4,093	1,050	1,610	832	284	7,868	2,560	935	11,363
97/98 YTD	3,638	635	1,922	1,449	249	7,894	1,630	17,713	27,237
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date ([www.fas.usda.gov](http://www.fas.usda.gov)) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
09/23/99	266	207	9	170	672	348	255	5	12
1999 YTD	7,189	6,609	572	5,150	26,512	9,667	6,447	518	926
1998 YTD *	6,798	3,383	418	3,754	20,669	8,907	5,122	259	624
% of Last Year	66%	151%	88%	102%	85%	65%	89%	92%	66%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

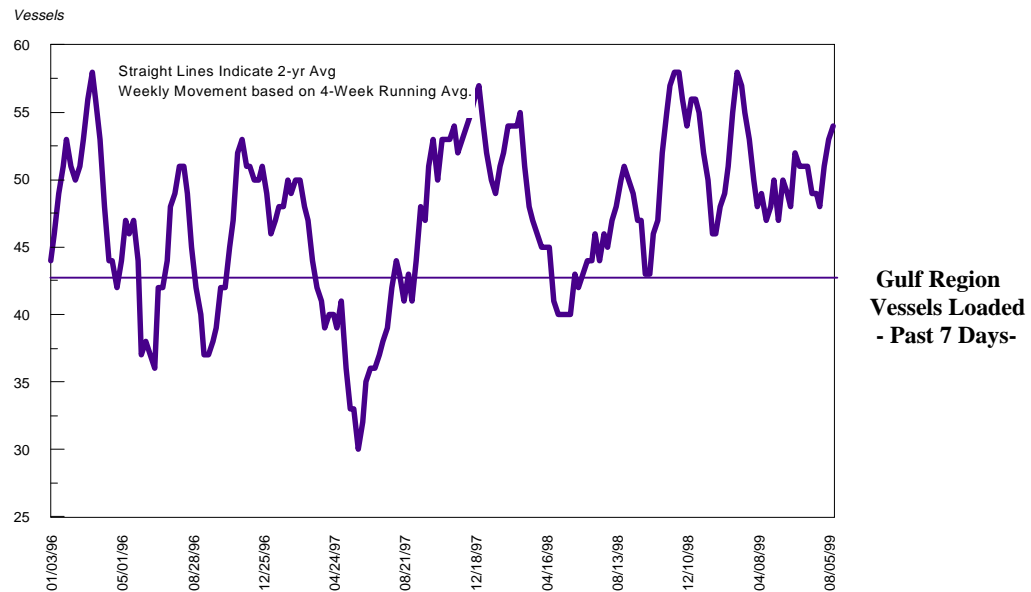
Source: Federal Grain Inspection Service \* YTD-Year-to-Date (\*98 = 53 week period)

**Select Canadian Ports - Export Inspections**

1,000 Metric Tons, Crop Year

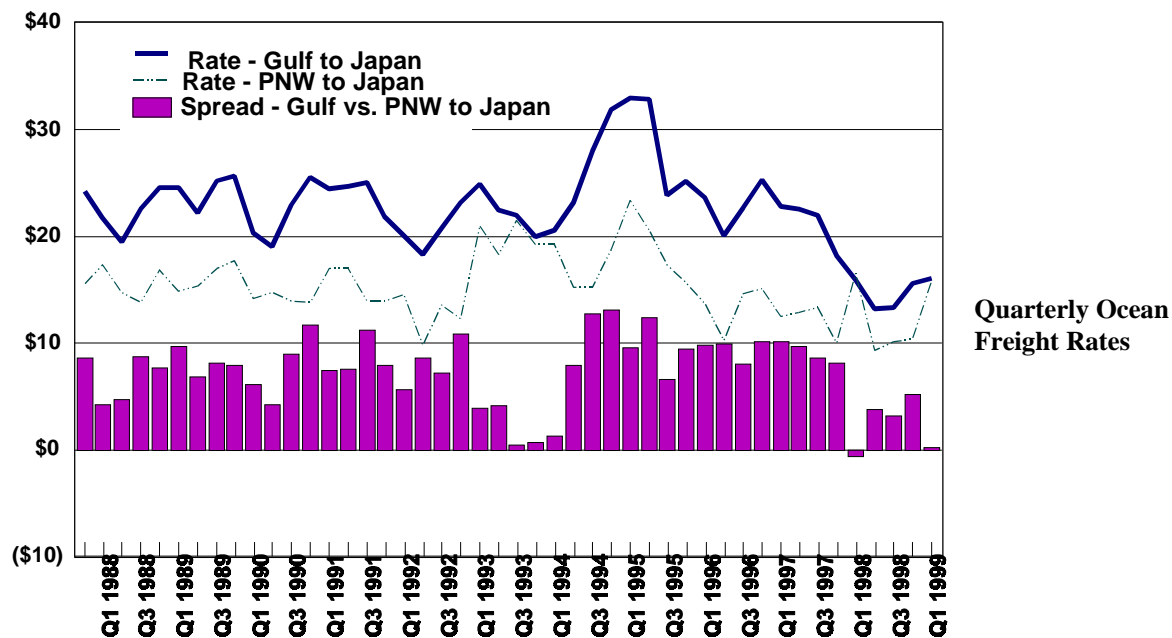
	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 09/23/99			
Vancouver	797	183	63
Prince Rupert	0	0	0
Prairie Direct	140	72	35
Thunder Bay	147	68	17
St. Lawrence	396	300	0
1999 YTD Exports	1,480	623	116
1998 YTD Exports	1,389	337	54
% of Last Year	107%	185%	215%

Source: Canadian Grains Commission \*Year Ago-This Week a Year Ago \*\*  
YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
		Loaded	Due Next		Loaded	Due Next		Loaded	Due Next
	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>
09/16/99	31	58	64	8			9	9	2
09/23/99	32	65	78	7			8	9	3
1998 Range	(19..62)	(34..64)	(40..93)				(1..16)	(3..14)	(0..10)
1997 Range	(11..52)	(25..61)	(31..89)						
1998 Avg	40	48	61				9	9	3
1997 Avg	33	45	58						
1996 Avg	38	46	62						
Source: Transportation & Marketing /AMS/ USDA									

## US\$/Metric Ton



## Quarterly Ocean Freight Rates\*

Average Rates &amp; Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1999 2 <sup>nd</sup> Qtr	1998 2 <sup>nd</sup> Qtr	% Change		1999 2 <sup>nd</sup> Qtr	1998 2 <sup>nd</sup> Qtr	% Change
<b>Gulf to</b>				<b>Pacific NW to</b>			
Japan	\$16.08	\$15.93	1%	Japan	\$15.83	\$16.49	-4%
Mexico	\$22.45	\$12.42	81%	Red Sea/ Arabian Sea	\$45.80		
Venezuela	\$13.91	\$12.27	13%				
N. Europe	\$12.28	\$9.36	31%	<b>Argentina to</b>			
N. Africa	\$17.80	\$12.83	39%	N. Europe	\$23.92	\$13.13	82%
				Japan	\$20.82	\$18.55	12%

Source: Transportation &amp; Marketing/AMS/USDA

(\*) rates shown are metric ton (2,250 lbs.)

## Ocean Freight Rates\* (Select Locations) - week ending 09/25/99

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Egypt	Wheat	Spot	55,000	\$13.00
Gulf	Egypt	Wheat	October	55,000	\$13.50
Gulf	Tunisia	Wheat	Prompt	18,000	\$21.75
Gulf	Tunisia	Wheat	Sept./Oct.	25,000	\$17.75
Paranagua	Poland	Meals/Pellets	Spot	15,000	\$22.50
Europe	Jordan	Barley	Prompt	50,000	\$17.00
N. France	Bombay (India)	Wheat	Sept./Oct.	60,000	\$19.25

Source: Maritime Research Inc.

(\*) rates shown are long ton (2,240 lbs.), F.O.B